



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles
CHIEF EXECUTIVE OFFICE

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"To Enrich Lives Through Effective And Caring Service"

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July 02, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

17 July 2, 2013

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

**CELLULAR PHONE AND DATA STIPEND PROGRAM PILOT PHASE II
(ALL AFFECTED) (3 VOTES)**

SUBJECT

Approval of the recommended action will authorize the Chief Executive Officer to implement Phase II of the pilot cellular phone and data stipend program, which will extend the pilot program at the Auditor-Controller for twelve additional months, and expand the pilot to include up to two other County departments for twelve months. The pilot allows employees to use a personal cellular device to conduct County business in lieu of a County-issued device, as a cost-effective option to reduce County cellular equipment, usage, and administrative costs.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve and delegate authority to the Chief Executive Officer to implement Phase II of the current pilot cellular phone and data stipend program, which will extend the pilot at the Department of Auditor-Controller for an additional twelve months, and allow the Chief Executive Officer to identify up to two other County departments for inclusion in the pilot program for twelve months, as an alternative to issuing County cellular equipment to authorized employees.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On January 8, 2013, the Board approved and delegated authority to the Chief Executive Officer to implement a six-month pilot cellular phone and data stipend program (Pilot) at the Department of Auditor-Controller, to lower the expense for the County by providing a taxable stipend to authorized employees, in exchange for using their personal cellular phone to conduct County business instead of County-provided cellular equipment. The purpose of the Pilot was to determine if the results

would justify a recommendation to implement the cellular and data stipend program on a countywide basis. The Auditor-Controller was selected for the Pilot because it had a small number of County-issued cellular phones and could (1) refine draft policies and procedures quickly, (2) determine cost savings easily, and (3) adjust payroll-related issues expeditiously.

The Pilot has proven to be successful at the Auditor-Controller and the department is realizing more than 14% in annual cost savings. However, Auditor-Controller had only a total 23 employees who were assigned County-issued cellular phones at the beginning of the Pilot, and all were non-represented. This Office believes that before a countywide program is recommended to the Board for implementation, the Pilot should be expanded to include department(s) with a larger pool of assigned County-issued cellular phone users, and include both represented and non-represented employees. The recommended Phase II Pilot will allow for this Office to identify, at most, two County departments and implement the stipend program for up to twelve months, further refine the policies and procedures related to implementation of the program, and continue the existing Pilot cost savings being realized at the Auditor-Controller.

Should the result of Phase II Pilot justify a recommendation to implement the cellular phone and data stipend program on a countywide basis, this Office will work with the Pilot departments to propose a Board Policy and any applicable County Code changes to the Audit Committee, prior to the completion of the twelve-month period, before subsequent consideration by the Board.

Implementation of Strategic Plan Goals

Approval of the recommended action is consistent with the County's Strategic Plan Goal 1 of Operational Effectiveness and Goal 2 of Fiscal Sustainability. The recommendation also supports the County's Efficiency Initiative for achieving cost-savings, cost-avoidance, and time savings for County employees.

FISCAL IMPACT/FINANCING

On May 9, 2013, the Los Angeles County Employee Retirement Association's Board of Retirement made a determination that the employee-received stipend through the cellular telephone stipend program, as recommended by this Office and the Auditor-Controller, is not pensionable based on the fact that the employee has a choice of receiving the cellular equipment or the stipend.

Through the Pilot rollout at the Auditor-Controller, the department also re-examined the justification of their employees with County-issued cellular phones, and realized additional annual savings totaling \$1,881 by reducing the total number of users from 23 to 20. Twelve employees elected to receive the \$40 monthly stipend and eight employees decided to stay with County-issued cellular phones. The Pilot then resulted in a cost savings of \$12.25 per stipend recipient per month, compared with the current \$52.25 per-month cost of providing those same users with County-issued cellular phones. Over a twelve month period, assuming the current level of participation continues, the stipend program will save the department \$1,764. This does not include equipment purchases/maintenance savings or administrative labor savings to review monthly statements, both were not analyzed as part of this Pilot. Overall, the Auditor-Controller is projected to spend \$10,776 annually per year in cellular phone expenses at the current rate of participation, versus \$12,540 without the Pilot, for an annual savings of \$1,764, or 14 percent of the total cost. In Fiscal Year 2011-12, the County spent approximately \$11.6 million for County-issued cellular phones and devices. Using the Pilot savings percentage, an annual savings of \$1.6 million could be achieved if implemented countywide. Additional savings may be realized through justification re-examination of existing users, as in the case with the Auditor-Controller.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Auditor-Controller employees who participated in the stipend program responded positively to the Pilot and indicated that the Policy (Attachment I), Terms and Acceptable Use Agreement (Attachment II), and stipend Activation Form (Attachment III) worked well. Based on user feedback, minor modifications will be made to the Activation Form and the Terms and Acceptable Use Agreement, with no changes to the Policy.

The Auditor-Controller identified several issues they believe should be addressed if the cellular phone and data stipend program is implemented countywide. First, uncertainty about privacy and legal considerations were deciding factors for some Auditor-Controller employees not to participate. More clarity and communication on privacy issues is recommended, and should be incorporated into existing policies where appropriate. Secondly, careful evaluation of who receives a County issued phone/stipend should be emphasized, possibly requiring an annual re-evaluation to ensure all recipients continue to have a compelling business need. Lastly, periodic review of stipend amounts and/or levels should be required for both voice and data to ensure they are representative of pricing available from major phone carriers, especially since pricing models for data service are rapidly evolving, and data is becoming a more important component of the service price than voice.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact on the Phase II Pilot departments' ability to provide their current services to its customers. Countywide implementation of the cellular phone and data stipend program may significantly lower the County's cellular phone service and equipment costs, at the same time reduce the efforts required to administer County-issued cellular devices.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. T. Fujioka', with a long horizontal line extending to the right.

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:BC:FC
JR:ib

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller

**COUNTY OF LOS ANGELES
PERSONAL ELECTRONIC COMMUNICATION DEVICES STIPEND PROGRAM POLICY**

PURPOSE

The County's Personal Electronic Communication Devices Stipend Program (Cellular Telephone Stipend) encourages the utilization of a stipend to reduce County cellular equipment, service and administrative costs. This policy is intended to provide uniform and consistent standards for the use of personal cellular telephones¹ for County business purposes and to define the responsibilities for the costs of personal cellular telephone service.

Implementation of this policy is intended to achieve countywide cost savings while providing a fair and practical reimbursement plan for employees conducting County business on personal communication devices. Participation in this program is voluntary and may be terminated by the employee and/or the department at any time, for any reason.

JUSTIFICATION

The County will provide a taxable stipend to eligible employees for the purpose of offsetting the costs for business use of personal cellular telephones. The person receiving the stipend will be solely responsible for the costs of private ownership including but not limited to the purchase, activation, maintenance, support, monthly usage, late fees, interest, term commitment obligations and replacement of such devices and any increase in personal income tax liability. Any employee who receives a taxable stipend may add extra services, equipment or features as desired at his/her own expense. The stipend is not intended to compensate the employee for the actual dollar-for-dollar cost of the cellular telephone service. The employee shall pay any costs exceeding the amount of the cellular telephone stipend to maintain service coverage.

ELIGIBILITY

At the discretion of the department head or his/her designee, employees who have a business need for cellular telephone service and/or remote access to their County email, network files and other information resources may be authorized to use a personal telephone, smart phone or tablet device in lieu of a County-issued device.

Requests for a stipend to offset the costs of using a personally-owned cellular telephone to conduct County business must be approved by the department head or his/her designee. Authorized employees must maintain cellular phone service in order to remain eligible for the monthly stipend. Authorized employees shall provide documentation to the department coordinator, when requested, to verify continued ownership and business use of a personal cellular telephone.

¹ Includes any personal phone, smart phone, tablet or other similar device and broadband cards/hotspots used pursuant to this program.

COMPLIANCE WITH APPLICABLE LAWS AND COUNTY POLICIES

In accordance with the Terms and Acceptable Use Agreement (Attachment II), participants must adhere to the Board of Supervisors (BOS) policies and the County's Mobile Devices Security Standards with respect to County-related data accessed, transmitted, received or stored on the participant's device:

- a. BOS 6.100 Information Technology and Security Policy
- b. BOS 6.101 Use of County Information Technology Resources (County Acceptable Use Agreement)
- c. BOS 6.102 Countywide Antivirus Security Policy
- d. BOS 6.104 Use of Electronic Mail by County Employees
- e. BOS 6.105 Internet Usage Policy
- f. BOS 6.109 Security Incident Reporting
- g. BOS 6.110 Protection of Information on Portable Computing Devices
- h. BOS 6.112 Secure Deposition of Computing Devices
- i. Chief Information Office-Smartphone Security and Privacy Requirements Standard
- j. Chief Information Office-Portable Device Strategy

TAXABLE INCOME

The cellular telephone stipend will be paid through the County payroll system as taxable. For determination of individual taxability, the employees should check with their tax advisor.

STIPEND RATES AND PAYMENT

The department head shall determine the appropriate stipend type/amount for each eligible employee within their area of responsibility. Cellular telephone stipends will be paid through the County eHR system. A Stipend Activation Form (see Attachment III) must be completed for any new, change or cancellation of services or eligibility.

The stipend will be paid starting the first full month of cellular telephone service coverage following activation in eHR. Each department will be responsible for approving and entering the authorized employee's information in eHR. No retroactive requests will be processed. Payments will be split and paid on a semi-monthly basis. Monthly Compensation rates are as follows:

- a. Voice ONLY for \$25
- b. Data ONLY for \$15
- c. Voice and Data for \$40

**Stipend rates will be reviewed periodically by the Chief Executive Office and Auditor-Controller, and the rates adjusted as deemed appropriate and necessary.*

Paid/Unpaid Leave Status

In order to receive the stipend, an employee must have a business need for cellular telephone service and/or remote access to the County's network for the entire pay period. No stipend will be paid once an employee is placed on an unpaid leave status (i.e., Absence Without Pay or AWOP) for an entire pay period. The stipend will be automatically suspended by the eHR system for employees who report AWOP for all scheduled hours for a pay period.

If an employee is on a paid or unpaid long-term leave (e.g., sabbatical, etc.) and is not expected to use their cellular phone for County related business, the employee's department must suspend the stipend. The stipend may be reactivated when the employee returns for a full pay period.

STIPEND CHANGES/CANCELLATION

An employee must be active on the last day of a pay period to receive the stipend for the pay period. The stipend will be automatically suspended by the eHR system if an employee is not active on the last day of the pay period.

An employee that has a job, assignment or responsibility change resulting in the employee not requiring cellular phone access for County business for the entire pay period, will not receive the stipend for that pay period. When this occurs, the department must cease the stipend.

Department coordinators shall enter and transmit the approved activation form for any stipend change or cancellation into eHR as instructed by the Auditor-Controller's Payroll Division. Changes/cancellations will be effective the first full month after the change. No retroactive adjustments will be processed.

If an employee terminates cellular service and/or becomes ineligible (i.e., there is no longer a business need) but does not report the change to his department timely, the County has the authority to recover the stipend from the time the service terminates or the employee otherwise becomes ineligible.

ACCOUNTABILITY

Each department head, operating under the authority of this policy, will have the responsibility to maintain accountability over business cellular telephone usage and the related stipends. Departments must establish adequate internal controls to ensure 1) only authorized employees are approved to receive the stipend; and 2) employees are following cellular telephone policies, including the Board of Supervisors and County Mobile Device Security Standards.

The Auditor-Controller may review departmental policies and compliance with the Personal Electronic Communication Devices Stipend Policy.

Specifically, departmental policies should include, but not be limited to, the following:

- Annual verification that the employee has a valid contract in effect;
- Maintenance of a current listing of all active (authorized) cellular telephone accounts;
- Periodic review of supported cellular telephone usage to eliminate stipends for unnecessary cellular telephones; and
- Periodic review of cellular telephone stipends to ensure appropriate level of payment.

SECURITY AND REPORTING REQUIREMENTS

Under the Terms and Acceptable Use Agreement (see Attachment II), participants must report to their management or departmental designee, within one business day, whenever any personal device used pursuant to this program is suspected or known to be lost or stolen. Upon notification of loss/theft, the employee's department may issue a *remote wipe* of the device to ensure that County-related data is safeguarded. Participants consent to use this function and agree the County is not liable for the potential loss of personal (e.g., contacts, apps, photos, etc.) data, including the potential to restore the device to factory default settings.

PROCEDURES

This policy requires the following steps for obtaining a stipend:

1. The department head identifies eligible employees;
2. The department coordinator completes a Stipend Activation Form;
3. The employee reads and signs the Terms and Acceptable Use Agreement;
4. The department head or his/her designee approves the authorization/request form, indicating the approved monthly stipend amount based on guidelines;
5. The department coordinator inputs the information into the eHR payroll system for automatic payment. *(Note: The deadlines to enter will be based on the annual memo "Payroll Deadline Schedule" provided by the Auditor-Controller's Payroll Division to all departments.)*

**COUNTY OF LOS ANGELES
PERSONAL ELECTRONIC COMMUNICATION DEVICES STIPEND PROGRAM**

Terms and Acceptable Use Agreement

At the discretion of the department head or his/her designee, employees who have a business need for cellular telephone service and/or remote access to their County email, network files and other information resources may be authorized to use a personal phone, smart phone or tablet device in lieu of a County-issued device. Employees authorized by management to participate in this program must agree and adhere to the following terms and conditions:

1. Participation in this program is voluntary and may be terminated by the employee and/or the department at any time, for any reason.
2. Any personal phone, smart phone, tablet or other similar device (air card, broadband card, etc.) used pursuant to this program shall be expressly defined as the personal property and sole responsibility of the employee. The County assumes no liability for damage, loss or theft of the employee's device, under any circumstances.
3. Participants receiving the stipend will be solely responsible for the costs of private ownership, including but not limited to the purchase, activation, maintenance, support, monthly usage, late fees, interest, term commitment obligations and replacement of such devices, as well as any increase in personal income tax liability. The cellular telephone stipend will be paid through the County payroll system as taxable income. Any participant who receives the stipend may add extra services, equipment or features as desired at his/her own expense. The participant shall pay any costs exceeding the amount of the cellular phone stipend to maintain service coverage.
4. The County is not liable for the loss or corruption of personal data on the employee's device, loss of use, or any repairs or maintenance arising from the use of the device for County business. Updates to, maintenance, repair and replacement of the device are the sole responsibility of the participant.
5. Participants must report to their management/departmental designee, within one business day, when the following events take place:
 - a. Whenever any personal device used pursuant to this program is suspected or known to be lost or stolen;
 - b. Participants terminate employment with or retire from the County of Los Angeles;
 - c. Participants' job responsibilities changed and is no longer eligible to participate in the stipend program;
 - d. Participants change/transfer position that is not eligible to participate in the stipend program; or
 - e. Participants elect to stop participation in the stipend program

Upon notification of loss/theft or change in status as indicated above, the employee's department may initiate a remote wipe of the device to ensure that County-related data is safeguarded. Participants consent to remote wiping when one of the events listed above has taken place and remote wiping is deemed necessary by the department. Participants also agree the County will not be liable for any personal data loss. When the remote wipe command is issued, all data including personal data such as contacts, apps, picture/data files, etc. may be deleted and the device may be restored to factory default settings.

6. Participants understand that County-related data and correspondence accessed or received via the a personal device may be subject to disclosure pursuant to the California Public Records Act,

and may also be compelled via a discovery request, subpoena or other legal process. In addition, in some cases, personal email transmissions may also be subject to such disclosure (i.e. using a personal email account to conduct County business).

7. Participants must adhere to the Board of Supervisors policies (BOS) and the County's Mobile Device Security Standards with respect to County-related data, correspondence and communications accessed, transmitted, received or stored on the participant's device:
 - a. BOS 6.100 Information Technology and Security Policy
 - b. BOS 6.101 Use of County Information Technology Resources (County Acceptable Use Agreement)
 - c. BOS 6.102 Countywide Antivirus Security Policy
 - d. BOS 6.104 Use of Electronic Mail by County Employees
 - e. BOS 6.105 Internet Usage Policy
 - f. BOS 6.109 Security Incident Reporting
 - g. BOS 6.110 Protection of Information on Portable Computing Devices
 - h. BOS 6.112 Secure Deposition of Computing Devices
 - i. Chief Information Office-Smartphone Security and Privacy Requirements Standard
 - j. Chief Information Office-Portable Device Strategy
8. The County reserves the right to inspect, at any time and without prior notice, any personal device connected to any County mobile enterprise servers such as BlackBerry Enterprise Server (BES) or Microsoft Exchange ActiveSync (AS) server. Other inspections shall be in accordance with Board-adopted Information Technology Security Policies.
9. Participants must not allow others to use or access County resources/data via their personal device(s).
10. Participants must activate a password lock and autolock (30 minute maximum), and shall not disable it at any time.
11. Participants must not use personal devices connected to County networks or information resources for illegal activity.
12. Participants must maintain cellular phone service in order to remain eligible for the monthly stipend. Participants must provide documentation to the department coordinator, when requested, to verify continued ownership and business use of a personal cellular device.
13. Participants will not be paid once an employee is placed on an unpaid leave status (Absence Without Pay or AWOP) for an entire pay period. The stipend will automatically be suspended by the eHR system for employees who report AWOP for all scheduled hours for a pay period. In addition, participants must be active on the last day of a pay period to receive the stipend for the pay period. The stipend will automatically be stopped by the eHR system if participants are not active on the last day of the pay period.
14. Participants must submit to their management/departmental designee or department coordinator a revised Stipend Activation Form, when they:
 - a. Change or terminate cellular carriers
 - b. Replace or retire their mobile device
 - c. Sell or transfer device to another individualIf participants do not report the change to the department in a timely manner, the County has the authority to recoup the stipend from the time the service coverage terminates or the employee otherwise becomes ineligible. Participants are required to bring the old device to their department

and perform the data wipe procedure in the presence of the Departmental Information Security Officer or designee to ensure that all County confidential/sensitive data is properly sanitized.

15. Participants must disable Bluetooth pairing/discovery when not in use.
16. Participants must not store County data on a memory card (e.g., MicroSD card) used in the portable device.
17. Participants agree to the following monthly stipend compensation:
 - a. Voice ONLY for \$25
 - b. Data ONLY for \$15
 - c. Voice and Data for \$40

The participant acknowledges that they have read, understand and agree to abide by the terms and conditions stated above. Participants who violate these terms and conditions will be disconnected from the mobile enterprise servers such as BES or AS and may be subject to disciplinary action. I understand that this agreement will be placed in my official personnel folder.

Print Name

Employee ID

Signature

Date

County of Los Angeles
**PERSONAL ELECTRONIC COMMUNICATION DEVICES
STIPEND ACTIVATION FORM**

ACTIVATION REQUEST				
ADD		MODIFY		REMOVE
PARTICIPANT INFORMATION SECTION				
LAST NAME		FIRST NAME		M.I.
PAYROLL TITLE		ITEM # / SUB	DIVISION / UNIT	EMPLOYEE NO.
				DEPT CODE
BUSINESS STREET ADDRESS				
CITY		STATE		ZIPCODE
DIVISION MANAGER'S/DESIGNEE NAME				MANAGER/DESIGNEE'S WORK TEL. NO.
ELECTRONIC DEVICE INFORMATION				
DEVICE PHONE CARRIER		DEVICE MODEL		DEVICE PHONE NO.
POLICY ACKNOWLEDGEMENT				
<p>I understand that this form will be placed in my official personnel folder.</p> <p>By signing this form, I acknowledge that I have received, read, and signed the Personal Electronic Communication Devices Stipend Program Terms and Acceptable User Agreement.</p>				
Signature of Participant				Date

STIPEND INFORMATION		
Voice ONLY (690)	Data ONLY (691)	Voice and Data (692)
JUSTIFICATION FOR THE STIPEND		
Signature of Division Manager or Designee		Date

DEVICE ACTIVATION INFORMATION	
DEVICE OPERATING SYSTEM	DEVICE SERIAL #
ACTIVATION DATE	DEACTIVATION DATE
Signature of Technical Support Active Sync/BES Adm. or Designee	
Date	